

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

CARE CHOICES HMO

NAIC Group Code	0000	0000	NAIC Company Code	95452	Employer's ID Number	38-2694901
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ]	Property/Casualty[ ]	Hospital, Medical & Dental Service or Indemnity[ ]			
	Dental Service Corporation[ ]	Vision Service Corporation[ ]	Health Maintenance Organization[X]			
	Other[ ]	Is HMO Federally Qualified? Yes[X] No[ ]				
Date Incorporated or Organized	07/08/1986		Date Commenced Business	01/01/1987		
Statutory Home Office	34605 Twelve Mile Road		Farmington Hills, MI 48331			
	(Street and Number)		(City, or Town, State and Zip Code)			
Main Administrative Office	34605 Twelve Mile Road					
	(Street and Number)					
	Farmington Hills, MI 48331		(248)489-6292			
	(City or Town, State and Zip Code)		(Area Code) (Telephone Number)			
Mail Address	34605 Twelve Mile Road		Farmington Hills, MI 48331			
	(Street and Number or P.O. Box)		(City, or Town, State and Zip Code)			
Primary Location of Books and Records	34605 Twelve Mile Road					
	(Street and Number)					
	Farmington Hills, MI 48331		(248)489-6292			
	(City, or Town, State and Zip Code)		(Area Code) (Telephone Number)			
Internet Website Address	www.carechoices.com					
Statutory Statement Contact	Donna J. West		(248)489-6292			
	(Name)		(Area Code)(Telephone Number)(Extension)			
	WESTD@trinity-health.org		(248)489-6191			
	(E-Mail Address)		(Fax Number)			
Policyowner Relations Contact						
			(Street and Number)			
	(City, or Town, State and Zip Code)		(Area Code) (Telephone Number)(Extension)			

OFFICERS

President (and CEO)	William R. Alvin
Secretary	Jeanne Dunk
Treasurer (CFO)	Michael R. Koziara
Chief Medical Officer	Gilbert Burgos MD

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

James H. Peppiatt-Combes  
William R. Alvin  
Mary Ellen Howard RSM  
Agnes Spitza  
Garry Faja

Jay Herron  
Howard B. Weinblatt MD  
Lisa Reed  
Paul Hughes-Cromwick

Paul Harkaway MD  
Molly Resnik  
Michael Slubowski  
AkkeNeel Talsma

State of Michigan  
County of Oakland ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
William R. Alvin	Jeanne Dunk	Michael R. Koziara
(Printed Name)	(Printed Name)	(Printed Name)
President ( and Chief Executive Officer)	Secretary	Treasurer (Chief Financial Officer)

Subscribed and sworn to before me this _____ day of _____, 2004	a. Is this an original filing?	Yes[X] No[ ]
	b. If no,	
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	5,047,952		5,047,952	2,648,646
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances) .....				
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....47,732,738 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$.....1,002,200 Schedule DA) .....	48,734,938		48,734,938	48,589,270
6.	Contract loans (including \$..... premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivable for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	53,782,890		53,782,890	51,237,916
11.	Investment income due and accrued .....	1,104,979		1,104,979	73,178
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection .....	1,004,590		1,004,590	1,451,221
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums) .....				
12.3	Accrued retrospective premiums .....				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers .....	21,783		21,783	247,181
13.2	Funds held by or deposited with reinsured companies .....				
13.3	Other amounts receivable under reinsurance contracts .....				
14.	Amounts receivable relating to uninsured plans .....				
15.1	Current federal and foreign income tax recoverable and interest thereon .....				
15.2	Net deferred tax asset .....				
16.	Guaranty funds receivable or on deposit .....				
17.	Electronic data processing equipment and software .....				
18.	Furniture and equipment, including health care delivery assets (\$.....) .....				
19.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
20.	Receivables from parent, subsidiaries and affiliates .....	30,038		30,038	926,676
21.	Health care (\$.....) and other amounts receivable .....	1,629,109		1,629,109	1,843,150
22.	Other assets nonadmitted .....				
23.	Aggregate write-ins for other than invested assets .....				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	57,573,389		57,573,389	55,779,322
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	57,573,389		57,573,389	55,779,322
DETAILS OF WRITE-INS					
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	State of Michigan - Psycotropic drug refund .....				
2302.	A/P Claims .....				
2303	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	24,086,181		24,086,181	28,690,420
2.	Accrued medical incentive pool and bonus amounts .....	365,593		365,593	102,151
3.	Unpaid claims adjustment expenses .....	422,741		422,741	566,855
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	1,883,897		1,883,897	1,910,752
9.	General expenses due or accrued .....	401,918		401,918	219,145
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittance and items not allocated .....				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	5,452		5,452	1,084,914
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured accident and health plans .....				
21.	Aggregate write-ins for other liabilities (including \$..... current) .....				
22.	TOTAL Liabilities (Lines 1 to 21) .....	27,165,782		27,165,782	32,574,237
23.	Common capital stock .....	X X X	X X X		
24.	Preferred capital stock .....	X X X	X X X		
25.	Gross paid in and contributed surplus .....	X X X	X X X	16,500,000	16,500,000
26.	Surplus notes .....	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
28.	Unassigned funds (surplus) .....	X X X	X X X	13,907,607	6,705,085
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	TOTAL capital and surplus (Lines 23 to 28 minus Line 29) .....	X X X	X X X	30,407,607	23,205,085
31.	TOTAL Liabilities, capital and surplus (Lines 22 and 30) .....	X X X	X X X	57,573,389	55,779,322
DETAILS OF WRITE-INS					
2101.	.....				
2102.	.....				
2103	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page .....	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	1,219,236	1,526,143
2.	Net premium income (including \$..... non-health premium income) .....	X X X .....	255,520,538	286,442,742
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL revenues (Lines 2 to 7) .....	X X X .....	255,520,538	286,442,742
<b>Hospital and Medical:</b>				
9.	Hospital/medical benefits .....		164,853,402	184,676,892
10.	Other professional services .....			
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		8,642,999	9,453,624
13.	Prescription drugs .....		43,991,216	52,163,882
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....		2,120,139	1,355,586
16.	Subtotal (Lines 9 to 15) .....		219,607,756	247,649,985
<b>Less:</b>				
17.	Net reinsurance recoveries .....		(80,268)	(151,770)
18.	TOTAL hospital and medical (Lines 16 minus 17) .....		219,688,024	247,801,755
19.	Non-health claims .....			
20.	Claims adjustment expenses .....		1,909,950	3,403,305
21.	General administrative expenses .....		29,751,064	34,242,767
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only) .....			
23.	TOTAL underwriting deductions (Lines 18 through 22) .....		251,349,039	285,447,827
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	4,171,499	994,915
25.	Net investment income earned .....		343,394	845,354
26.	Net realized capital gains or (losses) .....		72,743	(38,749)
27.	Net investment gains or (losses) (Lines 25 plus 26) .....		416,137	806,605
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
29.	Aggregate write-ins for other income or expenses .....		2,608,365	1,371,761
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	7,196,001	3,173,281
31.	Federal and foreign income taxes incurred .....	X X X .....		
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	7,196,001	3,173,281
<b>DETAILS OF WRITE-INS</b>				
0601	.....	X X X .....		
0602	.....	X X X .....		
0603	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701	.....	X X X .....		
0702	.....	X X X .....		
0703	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	.....			
1402	.....			
1403	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	Supplemental Interest Income .....		2,608,365	1,131,761
2902.	Contribution- Molina Healthcare .....			240,000
2903	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		2,608,365	1,371,761

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	23,205,085	20,036,343
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32 .....	7,196,001	3,173,281
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Net unrealized capital gains and losses .....	(15,496)	(167,438)
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	22,017	162,898
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		(5,000,000)
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		5,000,000
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	7,202,522	3,168,741
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	30,407,607	23,205,084
DETAILS OF WRITE-INS			
4701	.....		
4702	.....		
4703	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	255,099,041	284,967,645
2.	Net investment income .....	416,137	794,505
3.	Miscellaneous income .....	1,762,702	346,220
4.	Total (Lines 1 through 3) .....	257,277,881	286,108,370
5.	Benefit and loss related payments .....	222,962,151	245,718,798
6.	Net transfers to Separate, Segregated and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	31,622,356	36,860,072
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) \$...... net tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....	254,584,507	282,578,870
11.	Net cash from operations (Lines 4 minus 10) .....	2,693,374	3,529,500
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	38,390,484	6,843,710
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	38,390,484	6,843,710
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	40,789,790	9,492,356
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	40,789,790	9,492,356
14.	Net increase (or decrease) in policy loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(2,399,306)	(2,648,646)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds received .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(148,401)	(4,505,319)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(148,401)	(4,505,319)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Line 15, plus Line 17) .....	145,667	(3,624,465)
19.	Cash and short-term investments:		
19.1	Beginning of year .....	48,589,270	52,213,735
19.2	End of year (Line 18 plus Line 19.1) .....	48,734,937	48,589,270

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income .....	255,520,538	255,516,901						3,637					
2.	Change in unearned premium reserves and reserve for rate credit .....													
3.	Fee-for-service (net of \$..... medical expenses) .....													X X X
4.	Risk revenue .....													X X X
5.	Aggregate write-ins for other health care related revenues .....													X X X
6.	Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL revenues (Lines 1 to 6) .....	255,520,538	255,516,901						3,637					
8.	Hospital/medical benefits .....	164,853,402	164,944,000						(90,598)					X X X
9.	Other professional services .....													X X X
10.	Outside referrals .....													X X X
11.	Emergency room and out-of-area .....	8,642,999	8,642,999											X X X
12.	Prescription drugs .....	43,991,216	44,054,139						(62,923)					X X X
13.	Aggregate write-ins for other hospital and medical .....													X X X
14.	Incentive pool, withhold adjustments and bonus amounts .....	2,120,139	2,049,327						70,812					X X X
15.	Subtotal (Lines 8 to 14) .....	219,607,756	219,690,465						(82,709)					X X X
16.	Net reinsurance recoveries .....	(80,268)	(65,268)						(15,000)					X X X
17.	TOTAL hospital and medical (Lines 15 minus 16) .....	219,688,024	219,755,733						(67,709)					X X X
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses .....	1,909,950	1,909,950											
20.	General administrative expenses .....	29,751,064	29,750,527						537					
21.	Increase in reserves for accident and health contracts .....													X X X
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL underwriting deductions (Lines 17 to 22) .....	251,349,039	251,416,211						(67,172)					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	4,171,499	4,100,690						70,809					
DETAILS OF WRITE-INS														
0501	.....													X X X
0502	.....													X X X
0503	.....													X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page .....													X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....													X X X
0601	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301	.....													X X X
1302	.....													X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page .....													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....													X X X

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	256,358,174	.....	841,273	255,516,901
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	3,637	.....	.....	3,637
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11) .....	256,361,811	.....	841,273	255,520,538
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14) .....	256,361,811	.....	841,273	255,520,538



**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct .....	222,091,857	221,552,965					341	538,551					
	1.2 Reinsurance assumed .....													
	1.3 Reinsurance ceded .....													
	1.4 Net .....	222,091,857	221,552,965					341	538,551					
2.	Paid medical incentive pools and bonuses .....	1,856,697	1,856,697											
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct .....	24,086,180	24,013,561					1,794	70,826					
	3.2 Reinsurance assumed .....													
	3.3 Reinsurance ceded .....													
	3.4 Net .....	24,086,180	24,013,561					1,794	70,826					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct .....													
	4.2 Reinsurance assumed .....													
	4.3 Reinsurance ceded .....													
	4.4 Net .....													
5.	Accrued medical incentive pools and bonuses, current year .....	365,593	365,593											
6.	Amounts recoverable from reinsurers December 31, current year .....	21,784	21,784											
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct .....	28,690,420	27,883,604					21,614	785,202					
	7.2 Reinsurance assumed .....													
	7.3 Reinsurance ceded .....													
	7.4 Net .....	28,690,420	27,883,604					21,614	785,202					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct .....													
	8.2 Reinsurance assumed .....													
	8.3 Reinsurance ceded .....													
	8.4 Net .....													
9.	Accrued medical incentive pools and bonuses, prior year .....	102,151	102,151											
10.	Amounts recoverable from reinsurers December 31, prior year .....	247,182	226,181						21,000					
11.	Incurred benefits:													
	11.1 Direct .....	217,487,617	217,682,922					(19,480)	(175,825)					
	11.2 Reinsurance assumed .....													
	11.3 Reinsurance ceded .....	(225,398)	(204,397)						(21,000)					
	11.4 Net .....	217,713,015	217,887,319					(19,480)	(154,825)					
12.	Incurred medical incentive pools and bonuses .....	2,120,139	2,120,139											

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct .....	7,491,224	7,491,224											
	1.2 Reinsurance assumed .....													
	1.3 Reinsurance ceded .....													
	1.4 Net .....	7,491,224	7,491,224											
2.	Incurred but Unreported:													
	2.1 Direct .....	15,272,881	15,200,261					1,794	70,826					
	2.2 Reinsurance assumed .....													
	2.3 Reinsurance ceded .....													
	2.4 Net .....	15,272,881	15,200,261					1,794	70,826					
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct .....	1,322,076	1,322,076											
	3.2 Reinsurance assumed .....													
	3.3 Reinsurance ceded .....													
	3.4 Net .....	1,322,076	1,322,076											
4.	TOTALS													
	4.1 Direct .....	24,086,181	24,013,561					1,794	70,826					
	4.2 Reinsurance assumed .....													
	4.3 Reinsurance ceded .....													
	4.4 Net .....	24,086,181	24,013,561					1,794	70,826					

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
Line of Business							
1.	Comprehensive (hospital and medical) .....	26,097,540	195,520,694	1,849,756	22,163,805	27,947,296	27,883,604
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	341		1,794		2,135	21,614
7.	Title XIX - Medicaid .....	498,301	55,250	70,826		569,127	785,202
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	26,596,182	195,575,944	1,922,376	22,163,805	28,518,558	28,690,420
10.	Other non-health .....						
11.	Medical incentive pool and bonus amounts .....		1,856,697		365,593		102,151
12.	TOTALS (Lines 9 to 11) .....	26,596,182	197,432,641	1,922,376	22,529,398	28,518,558	28,792,571

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Grand Total**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	34,953	1,900	145	(6)	(6)
2.	1999 .....	220,146	35,145	1,254	(28)	(11)
3.	2000 .....	X X X	221,423	22,942	494	(4)
4.	2001 .....	X X X	X X X	210,014	23,039	621
5.	2002 .....	X X X	X X X	X X X	226,972	25,996
6.	2003 .....	X X X	X X X	X X X	X X X	195,576

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	30,157	1,900	145	(8)	(6)
2.	1999 .....	248,485	35,145	1,254	(28)	(11)
3.	2000 .....	X X X	248,517	25,314	516	(2)
4.	2001 .....	X X X	X X X	231,380	25,401	621
5.	2002 .....	X X X	X X X	X X X	250,073	27,916
6.	2003 .....	X X X	X X X	X X X	X X X	217,739

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	36,986		X X X	36,986	X X X			36,986	X X X
2.	1999 .....	267,558	256,506			256,506	95.869			256,506	95.869
3.	2000 .....	273,100	244,855			244,855	89.658	2		244,857	89.658
4.	2001 .....	258,628	233,404			233,404	90.247			233,404	90.247
5.	2002 .....	286,442	252,968	3,403	1.345	256,371	89.502	1,921		258,292	90.173
6.	2003 .....	256,362	195,576	1,910	0.977	197,486	77.034	22,164	423	220,073	85.845
7.	TOTAL (Lines 1 through 6) .....	X X X	1,220,295	5,313	X X X	1,225,608	X X X	24,087	423	1,250,118	X X X
8.	TOTAL (Lines 2 through 6) .....	1,342,090	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Hospital and Medical**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	27,875	1,290		(5)	(6)
2.	1999 .....	178,251	26,728	829	(21)	(7)
3.	2000 .....	X X X	180,912	17,593	271	(5)
4.	2001 .....	X X X	X X X	200,254	21,528	488
5.	2002 .....	X X X	X X X	X X X	218,402	25,628
6.	2003 .....	X X X	X X X	X X X	X X X	195,521

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	27,875	1,290		(7)	(6)
2.	1999 .....	195,188	26,728	829	(21)	(7)
3.	2000 .....	X X X	201,439	19,374	271	(5)
4.	2001 .....	X X X	X X X	219,926	23,347	488
5.	2002 .....	X X X	X X X	X X X	241,261	27,477
6.	2003 .....	X X X	X X X	X X X	X X X	217,684

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	29,154		X X X	29,154	X X X			29,154	X X X
2.	1999 .....	217,430	205,780			205,780	94.642			205,780	94.642
3.	2000 .....	226,930	198,771			198,771	87.591			198,771	87.591
4.	2001 .....	245,497	222,000			222,000	90.429			222,000	90.429
5.	2002 .....	277,079	244,030	3,403	1.395	247,433	89.301	1,850		249,283	89.968
6.	2003 .....	256,358	195,521	1,910	0.977	197,431	77.014	22,164	423	220,018	85.825
7.	TOTAL (Lines 1 through 6) .....	X X X	1,095,256	5,313	X X X	1,100,569	X X X	24,014	423	1,125,006	X X X
8.	TOTAL (Lines 2 through 6) .....	1,223,294	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. . . . . NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**  
**Federal Employees Health Benefits Plan Premiums**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	309				
2.	1999 .....	697				
3.	2000 .....	X X X				
4.	2001 .....	X X X	X X X			
5.	2002 .....	X X X	X X X	X X X		
6.	2003 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	309				
2.	1999 .....	708				
3.	2000 .....	X X X				
4.	2001 .....	X X X	X X X			
5.	2002 .....	X X X	X X X	X X X		
6.	2003 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	309		X X X	309	X X X			309	X X X
2.	1999 .....	587	697			697	118.739			697	118.739
3.	2000 .....										
4.	2001 .....										
5.	2002 .....										
6.	2003 .....										
7.	TOTAL (Lines 1 through 6) .....	X X X	1,006		X X X	1,006	X X X			1,006	X X X
8.	TOTAL (Lines 2 through 6) .....	587	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Title XVIII - Medicare**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	1,821	39	3		
2.	1999 .....	16,848	2,470	106		
3.	2000 .....	X X X	20,018	3,311	198	
4.	2001 .....	X X X	X X X			
5.	2002 .....	X X X	X X X	X X X		
6.	2003 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	1,973	39	3		
2.	1999 .....	19,580	2,470	106		
3.	2000 .....	X X X	22,828	3,581	220	2
4.	2001 .....	X X X	X X X			
5.	2002 .....	X X X	X X X	X X X		
6.	2003 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	1,863		X X X	1,863	X X X			1,863	X X X
2.	1999 .....	20,763	19,424			19,424	93.551			19,424	93.551
3.	2000 .....	25,307	23,527			23,527	92.966	2		23,529	92.974
4.	2001 .....	106									
5.	2002 .....										
6.	2003 .....										
7.	TOTAL (Lines 1 through 6) .....	X X X	44,814		X X X	44,814	X X X	2		44,816	X X X
8.	TOTAL (Lines 2 through 6) .....	46,176	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Title XIX - Medicaid**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	4,948	571	142	(1)	
2.	1999 .....	24,350	5,947	319	(7)	(4)
3.	2000 .....	X X X	20,493	2,038	25	1
4.	2001 .....	X X X	X X X	9,760	1,511	133
5.	2002 .....	X X X	X X X	X X X	8,570	368
6.	2003 .....	X X X	X X X	X X X	X X X	55

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....		571	142	(1)	
2.	1999 .....	33,009	5,947	319	(7)	(4)
3.	2000 .....	X X X	24,250	2,359	25	1
4.	2001 .....	X X X	X X X	11,454	2,054	133
5.	2002 .....	X X X	X X X	X X X	8,812	439
6.	2003 .....	X X X	X X X	X X X	X X X	55

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	5,660		X X X	5,660	X X X			5,660	X X X
2.	1999 .....	28,778	30,605			30,605	106.349			30,605	106.349
3.	2000 .....	20,863	22,557			22,557	108.120			22,557	108.120
4.	2001 .....	13,025	11,404			11,404	87.555			11,404	87.555
5.	2002 .....	9,363	8,938			8,938	95.461	71		9,009	96.219
6.	2003 .....	4	55			55	1,387.250			55	1,387.250
7.	TOTAL (Lines 1 through 6) .....	X X X	79,219		X X X	79,219	X X X	71		79,290	X X X
8.	TOTAL (Lines 2 through 6) .....	72,033	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Other**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....					
2.	1999 .....					
3.	2000 .....	X X X .....				
4.	2001 .....	X X X .....	X X X .....			
5.	2002 .....	X X X .....	X X X .....	X X X .....		
6.	2003 .....	X X X .....	X X X .....	X X X .....	X X X .....	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....					
2.	1999 .....					
3.	2000 .....	X X X .....				
4.	2001 .....	X X X .....	X X X .....			
5.	2002 .....	X X X .....	X X X .....	X X X .....		
6.	2003 .....	X X X .....	X X X .....	X X X .....	X X X .....	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X .....			X X X .....		X X X .....				X X X .....
2.	1999 .....										
3.	2000 .....										
4.	2001 .....										
5.	2002 .....										
6.	2003 .....										
7.	TOTAL (Lines 1 through 6) .....	X X X .....			X X X .....		X X X .....				X X X .....
8.	TOTAL (Lines 2 through 6) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....												
2. Additional policy reserves (a) .....												
3. Reserve for future contingent benefits .....												
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income .....												
5. Aggregate write-ins for other policy reserves .....												
6. Totals (gross) .....												
7. Reinsurance ceded .....												
8. Totals (Net) (Page 3, Line 4) .....												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....												
10. Reserve for future contingent benefits .....												
11. Aggregate write-ins for other claim reserves .....												
12. Totals (gross) .....												
13. Reinsurance ceded .....												
14. Totals (Net) (Page 3, Line 7) .....												
DETAILS OF WRITE-INS												
0501 .....												
0502 .....												
0503 .....												
0598. Summary of remaining write-ins for Line 5 from overflow page .....												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....												
1101 .....												
1102 .....												
1103 .....												
1198. Summary of remaining write-ins for Line 11 from overflow page ..												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....												

(a) Includes \$..... premium deficiency reserve.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$..... for occupancy of own building) .....				
2. Salaries, wages and other benefits .....	1,158,580	13,909,063		15,067,643
3. Commissions (less \$..... ceded plus \$..... assumed) ...				
4. Legal fees and expenses .....	154,903	175,426		330,329
5. Certifications and accreditation fees .....				
6. Auditing, actuarial and other consulting services .....	16,070	507,499		523,569
7. Traveling expenses .....		217,480		217,480
8. Marketing and advertising .....		1,366,907		1,366,907
9. Postage, express and telephone .....		725,575		725,575
10. Printing and office supplies .....	222,232	1,072,429		1,294,661
11. Occupancy, depreciation and amortization .....	130,884	3,143,601		3,274,485
12. Equipment .....		465,504		465,504
13. Cost or depreciation of EDP equipment and software .....				
14. Outsourced services including EDP, claims, and other services .....	131,445	6,678,577		6,810,022
15. Boards, bureaus and association fees .....		329,070		329,070
16. Insurance, except on real estate .....				
17. Collection and bank service charges .....				
18. Group service and administration fees .....				
19. Reimbursements by uninsured accident and health plans .....				
20. Reimbursements from fiscal intermediaries .....				
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes .....				
23.2 State premium taxes .....				
23.3 Regulator authority licenses and fees .....				
23.4 Payroll taxes .....	95,836	847,757		943,593
23.5 Other (excluding federal income and real estate taxes) .....		103,705		103,705
24. Investment expenses not included elsewhere .....		208,471		208,471
25. Aggregate write-ins for expenses .....				
26. Total expenses incurred (Lines 1 to 25) .....	1,909,950	29,751,064		(a) ... 31,661,014
27. Less expenses unpaid December 31, current year .....	422,741	401,918		824,659
28. Add expenses unpaid December 31, prior year .....	566,855	219,145		786,000
29. Amounts receivable relating to uninsured accident and health plans, prior year .....				
30. Amounts receivable relating to uninsured accident and health plans, current year .....				
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .	2,054,064	29,568,291		31,622,355
<b>DETAILS OF WRITE-INS</b>				
2501 .....				
2502 .....				
2503 .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....				

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 139,566	..... 176,620
1.1	Bonds exempt from U.S. tax .....	(a).....	.....
1.2	Other bonds (unaffiliated) .....	(a).....	.....
1.3	Bonds of affiliates .....	(a).....	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....	.....
2.11	Preferred stocks of affiliates .....	(b).....	.....
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash/short-term investments .....	(e)..... 134,167	..... 166,774
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	..... 273,733	..... 343,394
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		
16.	Total deductions (Lines 11 through 15) .....		
17.	Net Investment income (Line 10 minus Line 16) .....		..... 343,394
DETAILS OF WRITE-INS			
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		
1501	.....		
1502	.....		
1503	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....	..... 59,263	.....	.....	.....	..... 59,263
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	..... 13,481	.....	.....	.....	..... 13,481
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash/short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... 72,743	.....	.....	.....	..... 72,743
DETAILS OF WRITE-INS						
0901	.....	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

		1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 12 to 20, Column 2 .....	.....	..... 22,017	..... 22,017
2.	Other Nonadmitted Assets:			
2.1	Bills receivable .....	.....	.....	.....
2.2	Leasehold improvements .....	.....	.....	.....
2.3	Cash advanced to or in the hands of officers and agents .....	.....	.....	.....
2.4	Loans on personal security, endorsed or not .....	.....	.....	.....
2.5	Commuted commissions .....	.....	.....	.....
3.	Total (Lines 2.1 to 2.5) .....	.....	.....	.....
4.	Aggregate write-ins for other assets .....	.....	.....	.....
5.	TOTAL (Line 1 plus Line 3 and Line 4) .....	.....	..... 22,017	..... 22,017
DETAILS OF WRITE-INS				
0401	.....	.....	.....	.....
0402	.....	.....	.....	.....
0403	.....	.....	.....	.....
0498.	Summary of remaining write-ins for Line 4 from overflow page .....	.....	.....	.....
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above) .....	.....	.....	.....

**EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	120,679	101,598	100,200	101,621	102,251	1,219,236
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....						
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	120,679	101,598	100,200	101,621	102,251	1,219,236
DETAILS OF WRITE-INS							
0601	.....						
0602	.....						
0603	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

**Notes to Financial Statement**

1.

Summary of Significant Accounting Policies

Cash and Cash Equivalents for the purpose of the statements of cash flows are certificates of deposit, U.S. Government securities, commercial paper, repurchase agreements, corporate bonds and notes, and other short-term investments with original maturities of less than three months.

Investments - Investments are reported at cost adjusted for amortization of premiums or discounts using the scientific (constant yield) interest method.

Premium Revenue - Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which Care Choices is obligated to provide services to its enrollees. Premiums received prior to the period of coverage are reported as unearned premium revenue.

Investment Income - Investment income on cash, cash equivalents and marketable securities are recorded in these financial statements at the rate earned.

Medical Expenses- The liability for claims payable is accrued in the period such services are provided and includes estimates of services performed which have not been billed to Care Choices and losses on existing contracts related to the excess of expected future health care costs over anticipated future premiums. The method of making such estimates and for establishing the resulting liabilities is continually reviewed and updated, and any adjustments resulting therefrom are reflected in the activities expenses currently. Actual results could differ from these estimates.

Income (Loss) from Operations - The statement of operations includes income (loss) from operations. Changes in unrestricted net assets which are excluded from income from operations, consistent with industry practice, include unrealized gains and losses on investments and permanent transfers of assets to and from affiliates for other than goods and services.
2.

Accounting Changes and Corrections of Errors

The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Policies and Procedures except for the following item, which caused surplus to be increased by \$ 2,608,365. The Company received approval from the Office of Financial and Insurance Services of the State of Michigan ("OFIS") to record as other income a contribution of investment income allocated to the Company from Trinity Health of \$ 2,608,365 as a permitted practice. This permitted practice has been granted to the Company for a duration of one year.
3.

Business Combinations and Goodwill

Not applicable
4.

Discontinued Operations

The Company exited the Commercial West Michigan market effective November 30, 2003.
5.

Investments

Not applicable
6.

Joint Ventures, Partnerships and Limited Liability Companies

Not applicable
7.

Investment Income

Not applicable
8.

Derivative Instruments

Not applicable
9.

Income Taxes

Care Choices, a Michigan not-for-profit corporation, is an organization described in the Internal Revenue Code (IRC) Section 501 (c) (4) and as such is exempt from Federal income taxes under Section 501(a) of the IRS.
10.

Information Concerning Parent, Subsidiaries and Affiliates

Care Choices has an administrative services agreement with Trinity Health Plans, a subsidiary of TH, whereby Trinity Health Plans pays all salaries and provides all administrative services for Care Choices. Under the terms of the administrative services agreement, Care Choices was charged approximately \$31,032,073 and \$37,050,933 for the



## Notes to Financial Statement

years ended December 31, 2003 and 2002, respectively. Administrative fees are charged based on a per member per month basis.

For the years ended December 31, 2003 and 2002, Care Choices recorded premium revenue of approximately \$25,716,511 and \$37,439,665, respectively, attributable to Care Choices' affiliates.

Medical expenses paid to affiliates of Care Choices for the delivery of health care services totaled approximately \$61,652,741 and \$66,261,223 during 2003 and 2002, respectively.

11.

Debt

The Company executed one surplus note issued by St. Joseph Mercy Health Systems on October 11, 1999 for \$5,000,000. The note has been discharged by St. Joseph Mercy Health System on October 30, 2002, and the entire balance has been considered contributed surplus for the Company. The discharge of the note was approved by the OFIS.
12.

Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not applicable - Care Choices has no employees.
13.

Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Care Choices is a non-profit organization and cannot pay dividends
14.

Contingencies

Under the terms of its contracts with providers and CPEs, Care Choices is subject to audits of claims processed and arbitration and dispute resolution processes. Such audits and processes encompass the accuracy of the claims paid and the application of the various contract terms. Care Choices records and estimated amount for the resolution of such matters. Settlement of such matters are not expected to have a material adverse effect on Care Choices' financial position or results from operations.

Care Choices is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on Care Choices future financial position or results of operations.
15.

Leases

Care Choices does not have any material leases.
16.

Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable
17.

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable
18.

Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not applicable
19.

Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable
20.

Other Items

None
21.

Events Subsequent

None
22.

Reinsurance

Reinsurance recoveries are stated at their net realizable amount.

**Notes to Financial Statement**

23.

Retrospectively Rated Contracts & Contracts Subject to Redetermination

None
24.

Change in Incurred Claims and Claim Adjustment Expenses

During the year, Care Choices revised estimates and made payments relating to medical and hospital services rendered in the prior year in amounts different from those previously estimated. These changes in accounting estimates resulted in a reduction in reserves of medical and hospital expenses of approximately \$ 172,000 in 2003.
25.

Intercompany Pooling Arrangement

None
26.

Structured Settlements

Not applicable
27.

Health Care Receivables

None
28.

Participating Policies

None
29.

Premium Deficiency Reserves

None
30.

Anticipated Salvage and Subrogation

None

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....			480,193	0.893
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....			96,805	0.180
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA .....			319,876	0.595
1.512	Issued by FNMA and FHLMC .....			2,269,334	4.219
1.513	Privately issued .....				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC .....				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....				
1.523	All other privately issued .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....			1,804,863	3.356
2.2	Unaffiliated foreign securities .....			76,882	0.143
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
4.6	Mezzanine real estate loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6.	Policy loans .....				
7.	Receivables for securities .....				
8.	Cash and short-term investments .....			48,734,938	90.614
9.	Other invested assets .....				
10.	Total invested assets .....			53,782,890	100.000

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
..... Michigan .....
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2002 .....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/1999 .....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....09/25/2000.....
- 3.4 By what department or departments?  
Office of Financial and Insurance Services
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

..... %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....	.....

**GENERAL INTERROGATORIES (continued)**

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, 600 Renaissance Center, Suite 900, Detroit, MI 48243-1704
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Steven N. Wander, Deloitte Consulting LLP, 400 One Financial Plaza, 120 South Sixth Street, Minneapolis, MN 55402; actuary associated with Deloitte Consulting LLP
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[X]
- 11.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]

**BOARD OF DIRECTORS**

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

**FINANCIAL**

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.11 To directors or other officers

\$ .....
- 15.12 To stockholders not officers

\$ .....
- 15.13 Trustees, supreme or grand (Fraternal only)

\$ .....
- 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21 To directors or other officers

\$ .....
- 15.22 To stockholders not officers

\$ .....
- 15.23 Trustees, supreme or grand (Fraternal only)

\$ .....
- 16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]
- 16.2 If yes, state the amount thereof at December 31 of the current year:
- 16.21 Rented from others

\$ .....
- 16.22 Borrowed from others

\$ .....
- 16.23 Leased from others

\$ .....
- 16.24 Other

\$ .....
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]
- 17.2 If answer is yes:
- 17.21 Amount paid as losses or risk adjustment

\$ .....
- 17.22 Amount paid as expenses

\$ .....
- 17.23 Other amounts paid

\$ .....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

18. List the following capital stock information for the reporting entity:

		1	2	3	4	5	6
Class		Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[ ] No[ ] N/A[X]	Yes[ ] No[ ] N/A[X]
2.	Common .....	.....	.....	.....	..... X X X .....	..... X X X .....	..... X X X .....

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[ ]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[ ] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

20.3 For each category above, if any of these assets are held by other, identify by whom held:

- 20.31
- 20.32
- 20.33
- 20.34
- 20.35
- 20.36
- 20.37
- 20.38
- 20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$ .....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[ ]

1 Name of Custodian(s)	2 Custodian's Address
Comerica Bank .....	P.O. Box 75000, Detroit, MI 48275 .....
The Northern Trust Company .....	50 LaSalle Street, Chicago, IL 60675 .....

- 23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

- 23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?
- 23.04 If yes, give full and complete information relating thereto:
- Yes[ ] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

- 23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 24.2 If yes, complete the following schedule:
- Yes[ ] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2999 Total .....	.....	.....

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3  Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
.....	.....	.....	.....

**GENERAL INTERROGATORIES (Continued)**

**OTHER**

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ .....  
25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

26.1 Amount of payments for legal expenses, if any? \$ .....  
26.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ .....  
27.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....



**GENERAL INTERROGATORIES (continued)**

**PART 2 - HEALTH INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ .....
- 1.31 Reason for excluding:
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ .....
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$ .....
- 1.62 Total incurred claims

\$ .....
- 1.63 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.64 Total premium earned

\$ .....
- 1.65 Total incurred claims

\$ .....
- 1.66 Number of covered lives

\$ .....
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$ .....
- 1.72 Total incurred claims

\$ .....
- 1.73 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.74 Total premium earned

\$ .....
- 1.75 Total incurred claims

\$ .....
- 1.76 Number of covered lives

\$ .....

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	255,520,538	286,442,742
2.2	Premium Denominator .....	255,520,538	286,442,742
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	24,451,774	25,857,198
2.5	Reserve Denominator .....	24,451,774	25,857,198
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[ ]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$ ..... 150,000
- 5.32 Medical Only

\$ .....
- 5.33 Medicare Supplement

\$ .....
- 5.34 Dental

\$ .....
- 5.35 Other Limited Benefit Plan

\$ .....
- 5.36 Other

\$ .....
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
The State of Michigan requires "hold harmless" language in all Provider contracts. Our reinsurance coverage provides for insolvency by continuing benefits for members who are confined to an acute-care hospital on the date of insolvency until they are discharged. Plan benefits will continue for any member until the end of the contract period for which premiums has been paid.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[ ]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 6806
- 8.2 Number of providers at end of reporting year

..... 5797
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0

**GENERAL INTERROGATORIES (continued)**  
**PART 2 - HEALTH INTERROGATORIES**

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 1,903,888

10.22 Amount actually paid for year bonuses

\$ ..... 1,855,548

10.23 Maximum amount payable withholds

\$ ..... 2,594,351

10.24 Amount actually paid for year withholds

\$ ..... 1,272,275

11.1 Is the reporting entity organized as:

11.12 A medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ ..... 1,000,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[X] No[ ]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Clinton, MI .....
Eaton, MI .....
Kent, MI .....
Livingston, MI .....
Muskegon, MI .....
Ottawa, MI .....
Washtenaw, MI .....
Saginaw, MI .....
Lapeer, MI .....
Oakland, MI .....
Macomb, MI .....
Wayne, MI .....
Allegan, MI .....
Barry, MI .....
Ionia, MI .....
Shiawassee, MI .....
Calhoun, MI .....
St. Clair, MI .....

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	57,573,389	55,779,322	55,834,326	47,131,309	57,405,873
2. Total liabilities (Page 3, Line 22) .....	27,165,782	32,574,237	35,797,983	35,823,892	43,815,080
3. Statutory surplus .....		8,842,484	8,378,448	8,282,408	8,758,044
4. Total capital and surplus (Page 3, Line 30) .....	30,407,607	23,205,085	20,036,343	11,309,263	13,590,793
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 8) .....	255,520,538	286,442,742	258,627,838	273,099,506	267,556,448
6. Total medical and hospital expenses (Line 18) .....	219,688,024	247,801,755	233,515,257	245,450,906	240,445,638
7. Total administrative expenses (Line 21) .....	29,751,064	34,242,767	28,787,420	33,046,732	29,679,515
8. Net underwriting gain (loss) (Line 24) .....	4,171,499	994,915	(4,993,590)	(6,830,914)	(2,568,705)
9. Net investment gain (loss) (Line 27) .....	416,137	806,605	1,529,796	2,389,970	2,713,022
10. Total other income (Lines 28 plus 29) .....	2,608,365	1,371,761	683,079	1,000,840	
11. Net income or (loss) (Line 32) .....	7,196,001	3,173,281	(2,780,715)	(3,440,104)	144,317
<b>RISK-BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	30,407,607	23,205,085	20,036,343	11,309,263	13,590,793
13. Authorized control level risk-based capital .....	7,705,306	8,842,484	8,378,448	8,282,408	8,758,044
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	102,251	120,679	129,578	136,569	155,589
15. Total members months (Column 6, Line 7) .....	1,219,236	1,526,143	1,563,101	1,727,038	1,831,307
<b>OPERATING PERCENTAGE (Page 4)</b>					
<b>(Item divided by Page 4, sum of Lines 2, 3 and 5)</b>					
16. Premiums earned (Lines 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18) .....	86.0	86.5	90.3	89.9	90.0
18. Total underwriting deductions (Line 23) .....	98.4	99.7	101.9	102.5	101.0
19. Total underwriting gain (loss) (Line 24) .....	1.6	0.3	(1.9)	(2.5)	(1.0)
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, Part 2B)</b>					
20. Total claims incurred for prior years (Line 12, Col. 5) .....	28,518,558	25,883,159	26,735,047	34,983,136	39,173,502
21. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)] ..	28,792,571	27,576,052	30,752,806	31,700,992	46,354,538
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....					
26. Affiliated mortgage loans on real estate .....					
27. All other affiliated .....					
28. Total of above Lines 22 to 27 .....					

**SCHEDULE D - SUMMARY BY COUNTRY**

**Long-term Bonds and Stocks OWNED December 31 of Current Year**

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	3,069,404	3,075,473	3,072,299	2,989,862
	2.	Canada .....	36,845	37,367	37,000	30,000
	3.	Other Countries .....	59,860	60,166	59,860	60,000
	4.	Totals .....	3,166,109	3,173,006	3,169,159	3,079,862
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....				
	6.	Canada .....				
	7.	Other Countries .....				
	8.	Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....				
	10.	Canada .....				
	11.	Other Countries .....				
	12.	Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....				
	14.	Canada .....				
	15.	Other Countries .....				
	16.	Totals .....				
Public Utilities (unaffiliated)	17.	United States .....				
	18.	Canada .....				
	19.	Other Countries .....				
	20.	Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....	1,804,960	1,821,299	1,809,543	1,722,465
	22.	Canada .....	14,912	14,890	14,911	15,000
	23.	Other Countries .....	61,971	61,832	61,972	60,000
	24.	Totals .....	1,881,843	1,898,021	1,886,426	1,797,465
Parent, Subsidiaries and Affiliates	25.	Totals .....				
	26.	Total Bonds .....	5,047,952	5,071,027	5,055,585	4,877,327
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....				
	28.	Canada .....				
	29.	Other Countries .....				
	30.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....				
	32.	Canada .....				
	33.	Other Countries .....				
	34.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	35.	United States .....				
	36.	Canada .....				
	37.	Other Countries .....				
	38.	Totals .....				
Parent, Subsidiaries and Affiliates	39.	Totals .....				
	40.	Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....				
	42.	Canada .....				
	43.	Other Countries .....				
	44.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....				
	46.	Canada .....				
	47.	Other Countries .....				
	48.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	49.	United States .....				
	50.	Canada .....				
	51.	Other Countries .....				
	52.	Totals .....				
Parent, Subsidiaries and Affiliates	53.	Totals .....				
	54.	Total Common Stocks .....				
	55.	Total Stocks .....				
	56.	Total Bonds and Stocks .....	5,047,952	5,071,027	5,055,585	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

**SCHEDULE D - Verification Between Years**

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>2,648,646</u>	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>40,706,718</u>	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....			
3.4 Column 10, Part 4.....		7. Book/adjusted carrying value at end of current period.....	<u>5,047,952</u>
4. Total gain (loss), Column 14, Part 4.....	<u>83,072</u>	8. Total valuation allowance.....	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8).....	<u>5,047,952</u>
Column 6, Part 4.....	<u>38,390,484</u>	10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	<u>5,047,952</u>

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**  
**Allocated by States and Territories**

State, Etc.		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
2.	Alaska (AK) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
3.	Arizona (AZ) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
4.	Arkansas (AR) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
5.	California (CA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
6.	Colorado (CO) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
7.	Connecticut (CT) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
8.	Delaware (DE) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
9.	District of Columbia (DC) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
10.	Florida (FL) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
11.	Georgia (GA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
12.	Hawaii (HI) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
13.	Idaho (ID) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
14.	Illinois (IL) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
15.	Indiana (IN) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
16.	Iowa (IA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
17.	Kansas (KS) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
18.	Kentucky (KY) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
19.	Louisiana (LA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
20.	Maine (ME) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
21.	Maryland (MD) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
22.	Massachusetts (MA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
23.	Michigan (MI) .....	No .....	Yes .....	256,358,174	.....	3,637	.....	.....	.....
24.	Minnesota (MN) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
25.	Mississippi (MS) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
26.	Missouri (MO) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
27.	Montana (MT) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
28.	Nebraska (NE) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
29.	Nevada (NV) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
30.	New Hampshire (NH) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
31.	New Jersey (NJ) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
32.	New Mexico (NM) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
33.	New York (NY) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
34.	North Carolina (NC) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
35.	North Dakota (ND) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
36.	Ohio (OH) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
37.	Oklahoma (OK) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
38.	Oregon (OR) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
39.	Pennsylvania (PA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
40.	Rhode Island (RI) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
41.	South Carolina (SC) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
42.	South Dakota (SD) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
43.	Tennessee (TN) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
44.	Texas (TX) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
45.	Utah (UT) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
46.	Vermont (VT) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
47.	Virginia (VA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
48.	Washington (WA) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
49.	West Virginia (WV) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
50.	Wisconsin (WI) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
51.	Wyoming (WY) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
52.	American Samoa (AS) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
53.	Guam (GU) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
54.	Puerto Rico (PR) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
55.	U.S. Virgin Islands (VI) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
56.	Canada (CN) .....	No .....	No .....	.....	.....	.....	.....	.....	.....
57.	Aggregate other alien (OT) .....	X X X .....	X X X .....	.....	.....	.....	.....	.....	.....
58.	TOTAL (Direct Business) .....	X X X .....	(a). 1 .....	256,358,174	.....	3,637	.....	.....	.....
DETAILS OF WRITE-INS									
5701 .....				.....	.....	.....	.....	.....	.....
5702 .....				.....	.....	.....	.....	.....	.....
5703 .....				.....	.....	.....	.....	.....	.....
5798. Summary of remaining write-ins for Line 57 from overflow page .....				.....	.....	.....	.....	.....	.....
5799. TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) ..				.....	.....	.....	.....	.....	.....

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

Please see attached.